

January 2008 TREND EVENTS

THE DESTABILIZATION OF PAKISTAN, By Michel Chossudovsky — January 02, 2008
Original Article With Maps At: [<http://www.globalresearch.ca/index.php?context=va&aid=7705>]

The assassination of Benazir Bhutto has created conditions which contribute to the ongoing destabilization and fragmentation of Pakistan as a nation.

The process of U.S.-sponsored "regime change," which normally consists in the re-formation of a fresh proxy government under new leaders has been broken. Discredited in the eyes of Pakistani public opinion, General Pervez Musharraf cannot remain in the seat of political power, but at the same time, the fake elections ported by the "international community" scheduled for January 2008, even if they were to be carried out, would not be accepted as legitimate, thereby creating a political impasse.

There are indications that the assassination of Benazir Bhutto was anticipated by U.S. officials:

"It has been known for months that the Bush-Cheney administration and its allies have been maneuvering to strengthen their political control of Pakistan, paving the way for the expansion and deepening of the 'war on terrorism' across the region.

Various American destabilization plans, known for months by officials and analysts, proposed the toppling of Pakistan's military... The assassination of Bhutto appears to have been anticipated. There were even reports of "chatter" among U.S. officials about the possible assassinations of either Pervez Musharraf or Benazir Bhutto, well before the actual attempts took place. (Larry Chin, Global Research, 29 December 2007) [<http://www.globalresearch.ca/index.php?context=va&aid=7699>]

Political Impasse

"Regime change" with a view to ensuring continuity under military rule is no longer the main thrust of U.S. foreign policy. The regime of Pervez Musharraf cannot prevail. Washington's foreign policy course is to actively promote the political fragmentation and balkanization of Pakistan as a nation.

A new political leadership is anticipated but in all likelihood it will take on a very different shape, in relation to previous U.S.-sponsored regimes. One can expect that Washington will push for a compliant political leadership, with no commitment to the national interest, a leadership which will serve U.S. imperial interests, while concurrently contributing under the disguise of "decentralization," to the weakening of the central government and the fracture of Pakistan's fragile federal structure.

The political impasse is deliberate. It is part of an evolving U.S. foreign policy agenda, which favors disruption and disarray in the structures of the Pakistani State. Indirect rule by the Pakistani military and intelligence apparatus is to be replaced by more direct forms of U.S. interference, including an expanded U.S. military presence inside Pakistan... This expanded military presence is also dictated by the Middle East-Central Asia geopolitical situation and Washington's ongoing plans to extend the Middle East war to a much broader area.

The U.S. has several military bases in Pakistan. It controls the country's air space. According to a recent report: "U.S. Special Forces are expected to vastly expand their presence in Pakistan as part of an effort to train and support indigenous counter-insurgency forces and clandestine counterterrorism units" (William Arkin, Washington Post, December 2007)... The official justification and pretext for an increased military presence in Pakistan is to extend the "war on terrorism." Concurrently, to justify its counterterrorism program, Washington is also beefing up its covert support to the "terrorists."

The Balkanization of Pakistan

Already in 2005, a report by the U.S. National Intelligence Council (NIC) and the CIA forecast a "Yugoslav-like fate" for Pakistan "in a decade with the country riven by civil war, bloodshed, and interprovincial rivalries, as seen recently in Balochistan." (Energy Compass, 2 March 2005). According to the NIC-CIA, Pakistan is slated to become a "failed state" by 2015, "as it would be affected by civil war, complete Talibanisation, and struggle for control of its nuclear weapons." (Quoted by former Pakistan High Commissioner to UK, Wajid Shamsul Hasan, *Times of India*, 13 February 2005): "Nascent democratic reforms will produce little change in the face of opposition from an entrenched political elite and radical Islamic parties. In a climate of continuing domestic turmoil, the Central government's control probably will be reduced to the Punjabi heartland and the economic hub of Karachi," the former diplomat quoted the NIC-CIA report as saying.

Expressing apprehension, Hasan asked, "Are our military rulers working on a similar agenda or something that has been laid out for them in the various assessment reports over the years by the National Intelligence Council in joint collaboration with CIA?" (Ibid)

Continuity, characterized by the dominant role of the Pakistani military and intelligence has been scrapped in favor of political breakup and balkanization... According to the NIC-CIA scenario, which Washington intends to carry out: "Pakistan will not recover easily from decades of political and economic mismanagement, divisive policies, lawlessness, corruption, and ethnic friction." (Ibid).

The U.S. course consists in fomenting social, ethnic, and factional divisions and political fragmentation, including the territorial breakup of Pakistan. This course of action is also dictated by U.S. war plans in relation to both Afghanistan and Iran... This U.S. agenda for Pakistan is similar to that applied throughout the broader Middle East Central Asian region. U.S. strategy, supported by covert intelligence operations, consists in triggering ethnic and religious strife, abetting and financing secessionist movements while also weakening the institutions of the central government... The broader objective is to fracture the Nation State and redraw the borders of Iraq, Iran, Syria, Afghanistan, and Pakistan.

Pakistan's Oil and Gas reserves

Pakistan's extensive oil and gas reserves, largely located in Balochistan province, as well as its pipeline corridors are considered strategic by the Anglo-American alliance, requiring the concurrent militarization of Pakistani territory... Balochistan comprises more than 40% of Pakistan's land mass, possesses important reserves of oil and natural gas, as well as extensive mineral resources... The Iran-India pipeline corridor is slated to transit through Balochistan. Balochistan also possesses a deep seaport, largely financed by China, located at Gwadar on the Arabian Sea, not far from the Straits of Hormuz where 30% of the world's daily oil supply moves by ship or pipeline. (*Asia News.it*, 29 December 2007)

Pakistan has an estimated 25.1 trillion cubic feet (Tcf) of proven gas reserves of which 19 trillion are located in Balochistan. Among foreign oil and gas contractors in Balochistan are BP, Italy's ENI, Austria's OMV, and Australia's BHP. It is worth noting that Pakistan's state oil and gas companies, including PPL which has the largest stake in the Sui oil fields of Balochistan, are up for privatization under IMF-World Bank supervision... According to the Oil and Gas Journal (OGJ), Pakistan had proven oil reserves of 300 million barrels, most of which are located in Balochistan. Other estimates place Balochistan oil reserves at an estimated six trillion barrels of oil reserves both onshore and offshore (*Environment News Service*, 27 Oct. 2006 [<http://www.ens-newswire.com/ens/oct2006/2006-10-27-insmus.asp>])

Covert Support to Balochistan Separatists

Balochistan's strategic energy reserves have a bearing on the separatist agenda. Following a familiar pattern, there are indications that the Baloch insurgency is being supported and abetted by Britain and the U.S... The Balochi national resistance movement dates back to the late 1940s, when Balochistan was invaded by Pakistan. In the current geopolitical context, the separatist movement is in the process of being hijacked by foreign powers... British intelligence is allegedly providing covert support to Balochistan separatists (which from the outset have been repressed by Pakistan's military). In June 2006, Pakistan's Senate Committee on Defence accused British intelligence of "abetting the insurgency in the province bordering Iran" ...(*Press Trust of India*, 9 August 2006).

Ten British MPs were involved in a closed door session of the Senate Committee on Defence regarding the alleged support of Britain's Secret Service to Baloch separatists (Ibid). Also of relevance are reports of CIA and Mossad support to Baloch rebels in Iran and Southern Afghanistan... It would appear that Britain and the U.S. are supporting both sides. The U.S. is providing American F-16 jets to the Pakistani military, which are being used to bomb Baloch villages in Balochistan. Meanwhile, British alleged covert support to the separatist movement (according to the Pakistani Senate Committee) contributes to weakening the central government.

The stated purpose of U.S. counter-terrorism is to provide covert support as well as training to "Liberation Armies" ultimately with a view to destabilizing sovereign governments. In Kosovo, the training of the Kosovo Liberation Army (KLA) in the 1990s had been entrusted to a private mercenary company, Military Professional Resources Inc (MPRI), on contract to the Pentagon... The BLA bears a canny resemblance to Kosovo's KLA, which was financed by the drug trade and supported by the CIA and Germany's Bundes Nachrichten Dienst (BND)... The BLA emerged shortly after the 1999 military coup. It has no tangible links to the Baloch resistance movement, which developed since the late 1940s. An aura of mystery surrounds the leadership of the BLA.

Washington favors the creation of a "Greater Balochistan" which would integrate the Baloch areas of Pakistan with those of Iran and possibly the Southern tip of Afghanistan, thereby leading to a process of political fracturing in both Iran and Pakistan... "The U.S. is using Balochi nationalism for staging an insurgency inside Iran's Sistan-Balochistan province. The 'war on terror' in Afghanistan gives a useful political backdrop for the ascendancy of Balochi militancy" (See Global Research, 6 March 2007)

[\[http://www.globalresearch.ca/index.php?context=va&aid=5003\]](http://www.globalresearch.ca/index.php?context=va&aid=5003)

Military scholar Lieutenant Colonel Ralph Peters, writing in the June 2006 issue of The Armed Forces Journal suggests in no uncertain terms that Pakistan should be broken up, leading to the formation of a separate country: "Greater Balochistan" or "Free Balochistan ." The latter would incorporate the Pakistani and Iranian Baloch provinces into a single political entity... In turn, according to Peters, Pakistan's North West Frontier Province (NWFP) should be incorporated into Afghanistan "because of its linguistic and ethnic affinity." This proposed fragmentation, which broadly reflects U.S. foreign policy, would reduce Pakistani territory to approximately 50 percent of its present land area. Pakistan would also lose a large part of its coastline on the Arabian Sea... Although the map does not officially reflect Pentagon doctrine, it has been used in a training program at NATO's Defense College for senior military officers... This map (as described), as well as other similar maps, has most probably been used at the National War Academy as well as in military planning circles... (See Mahdi D. Nazemroaya, *Global Research*, 18 November 2006...)

[\[http://www.globalresearch.ca/PrintArticle.php?articleId=3882\]](http://www.globalresearch.ca/PrintArticle.php?articleId=3882)... "Lieutenant-Colonel Peters was last posted, before he retired to the Office of the Deputy Chief of Staff for Intelligence, within the U.S. Defence Department, and has been one of the Pentagon's foremost authors with numerous essays on strategy for military journals and U.S. foreign policy." (Ibid)

"Strong Economic Medicine": Weakening Pakistan's Central Government

It is by no means accidental that the 2005 National Intelligence Council (NIC)-CIA report had predicted a "Yugoslav-like fate" for Pakistan pointing to the impacts of "economic mismanagement" as one of the causes of political breakup and balkanization... "Economic mismanagement" is a term used by the Washington-based international financial institutions to describe the chaos which results from not fully abiding by the IMF's Structural Adjustment Program. In actual fact, the "economic mismanagement" and chaos is the outcome of IMF-World Bank prescriptions, which invariably trigger hyperinflation and precipitate indebted countries into extreme poverty... Pakistan has been subjected to the same deadly IMF "economic medicine" as Yugoslavia: In 1999, in the immediate wake of the coup d'etat which brought General Pervez Musharraf to the helm of the military government, an IMF economic package, which included currency devaluation and drastic austerity measures, was imposed on Pakistan.

Pakistan's external debt is of the order of US\$40 billion. The IMF's "debt reduction" under the package was conditional upon the sell-off to foreign capital of the most profitable state owned enterprises (including the oil and gas facilities in Balochistan) at rock bottom prices .

Musharraf's Finance Minister was chosen by Wall Street, which is not an unusual practice. The military rulers appointed at Wall Street's behest a vice-president of Citigroup, Shaukat Aziz, who at the time was head of Citi-Group's Global Private Banking. Citi-Group is among the largest commercial foreign banking institutions

in Pakistan. (See [WSWS.org](http://www.wsws.org), 30 October 1999) [<http://www.wsws.org/articles/1999/oct1999/pak-o30.shtml>]
There are obvious similarities in the nature of U.S. covert intelligence operations applied in country after country in different parts of the so-called "developing World." These covert operations, including the organisation of military coups, are often synchronized with the imposition of IMF-World Bank macro-economic reforms. In this regard, Yugoslavia's federal fiscal structure collapsed in 1990 leading to mass poverty and heightened ethnic and social divisions. The U.S. and NATO sponsored "civil war" launched in mid-1991 consisted in co-opting Islamic groups as well as channeling covert support to separatist paramilitary armies in Bosnia, Kosovo, and Macedonia.

A similar "civil war" scenario has been envisaged for Pakistan by the National Intelligence Council and the CIA: From the point of view of U.S. intelligence, which has a longstanding experience in abetting separatist "liberation armies," "Greater Albania" is to Kosovo what "Greater Balochistan" is to Pakistan's Southeastern Balochistan province. Similarly, the KLA is Washington's chosen model to be replicated in Balochistan province.

The Assassination of Benazir Bhutto

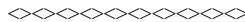
Benazir Bhutto was assassinated in Rawalpindi, no ordinary city. Rawalpindi is a military city host to the headquarters of the Pakistani Armed Forces and Military Intelligence (ISI). Ironically Bhutto was assassinated in an urban area tightly controlled and guarded by the military police and the country's elite forces. Rawalpindi is swarming with ISI intelligence officials, which invariably infiltrate political rallies. Her assassination was not a haphazard event.

Without evidence, quoting Pakistan government sources, the Western media in chorus has highlighted the role of Al-Qaeda, while also focusing on the possible involvement of the ISI... What these interpretations do not mention is that the ISI continues to play a key role in overseeing Al Qaeda on behalf of U.S. intelligence. The press reports fail to mention two important and well-documented facts:

- 1) the ISI maintains close ties to the CIA. The ISI is virtually an appendage of the CIA.
- 2) Al Qaeda is a creation of the CIA. The ISI provides covert support to Al Qaeda, acting on behalf of U.S. intelligence.

Disclaimer: The views expressed in this article are the sole responsibility of the author and do not necessarily reflect those of the Centre for Research on Globalization.

www.globalresearch.ca <<http://carolynbaker.net/site/www.globalresearch.ca>>



GOING BANKRUPT, WHY THE DEBT CRISIS IS THE GREATEST THREAT TO THE AMERICAN REPUBLIC, By Chalmers Johnson -- Reprinted from [Tom Dispatch](#), January 23, 2008

The military adventurers of the Bush administration have much in common with the corporate leaders of the defunct energy company Enron. Both groups of men thought that they were the "smartest guys in the room," the title of Alex Gibney's [prize-winning film](#) on what went wrong at Enron. The neoconservatives in the White House and the Pentagon outsmarted themselves. They failed even to address the problem of how to finance their schemes of imperialist wars and global domination.

As a result, going into 2008, the United States finds itself in the anomalous position of being unable to pay for its own elevated living standards or its wasteful, overly large military establishment. Its government no longer even attempts to reduce the ruinous expenses of maintaining huge standing armies, replacing the equipment that seven years of wars have destroyed or **worn out**, or preparing for a **war** in **outer space** against unknown

adversaries. Instead, the Bush administration puts off these costs for future generations to pay — or repudiate. This utter fiscal irresponsibility has been disguised through many manipulative financial schemes (such as causing poorer countries to lend us unprecedented sums of money), but the time of reckoning is fast

approaching... There are three broad aspects to our debt crisis. First, in the current fiscal year (2008) we are spending insane amounts of money on "defense" projects that bear no relationship to the national security of the United States. Simultaneously, we are keeping the income tax burdens on the richest segments of the American population at strikingly low levels.

Second, we continue to believe that we can compensate for the accelerating erosion of our manufacturing base and our loss of jobs to foreign countries through massive military expenditures — so-called "military Keynesianism," which I discuss in detail in my book, "Nemesis: The Last Days of the American Republic." By military Keynesianism, I mean the mistaken belief that public policies focused on frequent wars, huge expenditures on weapons and munitions, and large standing armies can indefinitely sustain a wealthy capitalist economy. The opposite is actually true.

Third, in our devotion to militarism (despite our limited resources), we are failing to invest in our social infrastructure and other requirements for the long-term health of our country. These are what economists call "opportunity costs," things not done because we spent our money on something else. Our public education system has deteriorated alarmingly. We have failed to provide health care to all our citizens and neglected our responsibilities as the world's number one polluter. Most important, we have lost our competitiveness as a manufacturer for civilian needs — an infinitely more efficient use of scarce resources than arms manufacturing. Let me discuss each of these.

The Current Fiscal Disaster

It is virtually impossible to overstate the profligacy of what our government spends on the military. The Department of Defense's planned expenditures for fiscal year 2008 are larger than all other nations' military budgets combined. The supplementary budget to pay for the current wars in Iraq and Afghanistan — not part of the official defense budget — is itself larger than the combined military budgets of Russia and China. Defense-related spending for fiscal 2008 will exceed \$1 trillion for the first time in history. The United States has become the largest single salesman on Earth of arms and munitions to other nations. Leaving out of account President Bush's two ongoing wars, defense spending has doubled since the mid-1990s. The defense budget for fiscal 2008 is the largest since World War II.

Before we try to break down and analyze this gargantuan sum, there is one important caveat. Figures on defense spending are notoriously unreliable. The numbers released by the Congressional Reference Service and the Congressional Budget Office do not agree with each other. Robert Higgs, senior fellow for political economy at the Independent Institute, **says**: "A well-founded rule of thumb is to take the Pentagon's (always well publicized) basic budget total and double it." Even a cursory reading of newspaper articles about the Department of Defense will turn up major differences in statistics about its expenses. Some 30-40% of the defense budget is "black," meaning that these sections contain hidden expenditures for classified projects. There is no possible way to know what they include or whether their total amounts are accurate.

Missing as well from this compilation is \$1.9 billion to the Department of Justice for the paramilitary activities of the FBI; \$38.5 billion to the Department of the Treasury for the Military Retirement Fund; \$7.6 billion for the military-related activities of the National Aeronautics and Space Administration; and well over \$200 billion in interest for past debt-financed defense outlays. This brings U.S. spending for its military establishment during the current fiscal year (2008), conservatively calculated, to at least \$1.1 trillion.

Military Keynesianism

Such expenditures are not only morally obscene, they are fiscally unsustainable. Many neoconservatives and poorly informed patriotic Americans believe that, even though our defense budget is huge, we can afford it because we are the richest country on Earth. Unfortunately, that statement is no longer true. The world's richest political entity, according to the **CIA's "World Factbook,"** is the European Union. The EU's 2006 GDP (gross domestic product — all goods and services produced domestically) was estimated to be slightly larger than that of the U.S. However, China's 2006 GDP was only slightly smaller than that of the U.S., and Japan was the world's fourth richest nation.

A more telling comparison that reveals just how much worse we're doing can be found among the "current accounts" of various nations. The current account measures the net trade surplus or deficit of a country plus

cross-border payments of interest, royalties, dividends, capital gains, foreign aid, and other income. For example, in order for Japan to manufacture anything, it must import all required raw materials. Even after this incredible expense is met, it still has an \$88 billion per year trade surplus with the United States and enjoys the world's second highest current account balance. (China is number one.) The United States, by contrast, is **number 163** — dead last on the list, worse than countries like Australia and the United Kingdom that also have large trade deficits. Its 2006 current account deficit was \$811.5 billion; second worst was Spain at \$106.4 billion. This is what is unsustainable.

It's not just that our tastes for foreign goods, including imported oil, vastly exceed our ability to pay for them. We are financing them through massive borrowing. On November 7, 2007, the U.S. Treasury announced that the national debt had breached \$9 trillion for the first time ever. This was just five weeks after Congress raised the so-called debt ceiling to \$9.815 trillion. If you begin in 1789, at the moment the Constitution became the supreme law of the land, the debt accumulated by the federal government did not top \$1 trillion until 1981. When George Bush became president in January 2001, it stood at approximately \$5.7 trillion. Since then, it has increased by 45%. This huge debt can be largely explained by our defense expenditures in comparison with the rest of the world... Our excessive military expenditures did not occur over just a few short years or simply because of the Bush administration's policies. They have been going on for a very long time in accordance with a superficially plausible ideology and have now become entrenched in our democratic political system where they are starting to wreak havoc. This ideology I call "military Keynesianism" — the determination to maintain a permanent war economy and to treat military output as an ordinary economic product, even though it makes no contribution to either production or consumption.

This ideology goes back to the first years of the Cold War. During the late 1940s, the U.S. was haunted by economic anxieties. The Great Depression of the 1930s had been overcome only by the war production boom of World War II. With peace and demobilization, there was a pervasive fear that the Depression would return. During 1949, alarmed by the Soviet Union's detonation of an atomic bomb, the looming communist victory in the Chinese civil war, a domestic recession, and the lowering of the Iron Curtain around the USSR's European satellites, the U.S. sought to draft basic strategy for the emerging cold war. The result was the militaristic **National Security Council Report 68** (NSC-68) drafted under the supervision of Paul Nitze, then head of the Policy Planning Staff in the State Department. Dated April 14, 1950, and signed by President Harry S. Truman on September 30, 1950, it laid out the basic public economic policies that the United States pursues to the present day.

In its conclusions, NSC-68 **asserted**: "One of the most significant lessons of our World War II experience was that the American economy, when it operates at a level approaching full efficiency, can provide enormous resources for purposes other than civilian consumption while simultaneously providing a high standard of living." ... With this understanding, American strategists began to build up a massive munitions industry, both to counter the military might of the Soviet Union (which they consistently overstated) and also to maintain full employment, as well as ward off a possible return of the Depression. The result was that, under Pentagon leadership, entire new industries were created to manufacture large aircraft, nuclear-powered submarines, nuclear warheads, intercontinental ballistic missiles, and surveillance and communications satellites. This led to what President Eisenhower warned against in his farewell address of February 6, 1961: "The conjunction of an immense military establishment and a large arms industry is new in the American experience" — that is, the military-industrial complex.

By 1990, the value of the weapons, equipment, and factories devoted to the Department of Defense was 83% of the value of all plants and equipment in American manufacturing. From 1947 to 1990, the combined U.S. military budgets **amounted to** \$8.7 trillion. Even though the Soviet Union no longer exists, U.S. reliance on military Keynesianism has, if anything, ratcheted up, thanks to the massive vested interests that have become entrenched around the military establishment. Over time, a commitment to both guns and butter has proven an unstable configuration. Military industries crowd out the civilian economy and lead to severe economic weaknesses. Devotion to military Keynesianism is, in fact, a form of slow economic suicide.

On May 1, 2007, the Center for Economic and Policy Research of Washington, D.C., released a study prepared by the global forecasting company Global Insight on the long-term economic impact of increased military spending. Guided by economist Dean Baker, this research showed that, after an initial demand stimulus, by about the sixth year the effect of increased military spending turns negative. Needless to say, the

U.S. economy has had to cope with growing defense spending for more than 60 years. He found that, after 10 years of higher defense spending, there would be 464,000 fewer jobs than in a baseline scenario that involved lower defense spending.

Baker concluded:

"It is often believed that wars and military spending increases are good for the economy. In fact, most economic models show that military spending diverts resources from productive uses, such as consumption and investment, and ultimately slows economic growth and reduces employment." These are only some of the many deleterious effects of military Keynesianism.

Hollowing Out the American Economy

It was believed that the U.S. could afford both a massive military establishment and a high standard of living, and that it needed both to maintain full employment. But it did not work out that way. By the 1960s, it was becoming apparent that turning over the nation's largest manufacturing enterprises to the Department of Defense and producing goods without any investment or consumption value was starting to crowd out civilian economic activities. The historian Thomas E. Woods, Jr., observes that, during the 1950s and 1960s, between one-third and two-thirds of all American research talent was siphoned off into the military sector. It is, of course, impossible to know what innovations never appeared as a result of this diversion of resources and brainpower into the service of the military, but it was during the 1960s that we first began to notice Japan was outpacing us in the design and quality of a range of consumer goods, including household electronics and automobiles.

Nuclear weapons furnish a striking illustration of these anomalies. Between the 1940s and 1996, the United States spent at least \$5.8 trillion on the development, testing, and construction of nuclear bombs. By 1967, the peak year of its nuclear stockpile, the United States possessed some 32,500 deliverable atomic and hydrogen bombs, none of which, thankfully, was ever used. They perfectly illustrate the Keynesian principle that the government can provide make-work jobs to keep people employed. Nuclear weapons were not just America's secret weapon, but also its secret economic weapon. As of 2006, we still had 9,960 of them. Today, there is no sane use for them, while the trillions spent on them could have been used to solve the problems of social security and health care, quality education and access to higher education for all, not to speak of the retention of highly skilled jobs within the American economy.

The pioneer in analyzing what has been lost as a result of military Keynesianism was the late Seymour Melman (1917-2004), a professor of industrial engineering and operations research at Columbia University. His 1970 book, "Pentagon Capitalism: The Political Economy of War," was a prescient analysis of the unintended consequences of the American preoccupation with its armed forces and their weaponry since the onset of the Cold War. Melman wrote (pp. 2-3): "From 1946 to 1969, the United States government spent over \$1,000 billion on the military, more than half of this under the Kennedy and Johnson administrations — the period during which the [Pentagon-dominated] state management was established as a formal institution. This sum of staggering size (try to visualize a billion of something) does not express the cost of the military establishment to the nation as a whole. The true cost is measured by what has been foregone, by the accumulated deterioration in many facets of life by the inability to alleviate human wretchedness of long duration."

In an important exegesis on Melman's relevance to the current American economic situation, Thomas Woods writes: "According to the U.S. Department of Defense, during the four decades from 1947 through 1987 it used (in 1982 dollars) \$7.62 trillion in capital resources. In 1985, the Department of Commerce estimated the value of the nation's plant and equipment, and infrastructure, at just over \$7.29 trillion. In other words, the amount spent over that period could have doubled the American capital stock or modernized and replaced its existing stock."

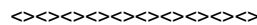
The fact that we did not modernize or replace our capital assets is one of the main reasons why, by the turn of the twenty-first century, our manufacturing base had all but evaporated. Machine tools — an industry on which Melman was an authority — are a particularly important symptom. In November 1968, a five-year inventory disclosed (p. 186) "that 64 percent of the metalworking machine tools used in U.S. industry were ten years old or older. The age of this industrial equipment (drills, lathes, etc.) marks the United States' machine

tool stock as the oldest among all major industrial nations, and it marks the continuation of a deterioration process that began with the end of the Second World War. This deterioration at the base of the industrial system certifies to the continuous debilitating and depleting effect that the military use of capital and research and development talent has had on American industry."

Nothing has been done in the period since 1968 to reverse these trends, and it shows today in our massive imports of equipment — from medical machines like **proton accelerators** for radiological therapy (made primarily in Belgium, Germany, and Japan) to cars and trucks.

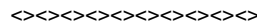
Our short tenure as the world's "lone superpower" has come to an end. As Harvard economics professor Benjamin Friedman has written: "Again and again it has always been the world's leading lending country that has been the premier country in terms of political influence, diplomatic influence, and cultural influence. It's no accident that we took over the role from the British at the same time that we took over... the job of being the world's leading lending country. Today we are no longer the world's leading lending country. In fact we are now the world's biggest debtor country, and we are continuing to wield influence on the basis of military prowess alone."... Some of the damage done can never be rectified. There are, however, some steps that this country urgently needs to take. These include reversing Bush's 2001 and 2003 tax cuts for the wealthy, beginning to liquidate our global empire of over 800 military bases, cutting from the defense budget all projects that bear no relationship to the national security of the United States, and ceasing to use the defense budget as a Keynesian jobs program. If we do these things, we have a chance of squeaking by. If we don't, we face probable national insolvency and a long depression.

Chalmers Johnson is the author of "**Nemesis: The Last Days of the American Republic**," just published in paperback. It is the final volume of his Blowback Trilogy, which also includes "**Blowback**" (2000) and "**The Sorrows of Empire** (2004)."



Quoting Howard Scott: Technocracy A-11, April 1938: "The United States and Canada are engaged today in the most fundamental conflict that has ever occurred in the social history of man. This conflict transcends all questions of political parties and political government. It overshadows all questions of business, public or private, and all questions of ownership, morality and legality, ethics, and liberty... This conflict of the ages is a conflict between yesterday and tomorrow, between toil and technology, between poverty and plenty. It is the conflict of the seven-thousand-year-old process of producing the physical wealth of scarcity with a maximum of human effort versus the technological production of physical wealth of abundance with an ever-declining minimum of human effort..."

"The so-called national leadership in today's business, politics, industry, and science are drenched with the putridity from the gutter of special privilege and personal aggrandizement. They shine for the moment in the immediate present, but like the dead mackerel glittering on the beach in the moonlight, the stench remains when the moonlight goes... The chiseling conditioning of national business and national politics cannot produce the leadership required by this country and this Continent on their march to America's tomorrow. Only a new leadership of men and things can accomplish such a gigantic task. The leadership of America's tomorrow can only arise from out of those Americans of today who design, construct, and operate the physical equipment of this continent."



The Comeback Continent, By Paul Krugman — *The New York Times*, January 11, 2008

Today I'd like to talk about a much-derided contender making a surprising comeback, a comeback that calls into question much of the conventional wisdom of American politics. No, I'm not talking about a politician. I'm talking about an economy — specifically, the European economy, which many Americans assume is tired and spent but has lately been showing surprising vitality... Why should Americans care about Europe's economy? Well, for one thing, it's big. The G.D.P. of the European Union is roughly comparable to that of the States; the

Euro is almost as important a global currency as the dollar; and the governance of the world financial system is, for practical purposes, equally shared by the European Central Bank and the Federal Reserve, but there's

Another Energy Efficient Concept Proposal — Forbidden by Price System institutional road blocks: The Highway Lobby – Trucking & RR Lobby – The Truck Drivers and Trade Unions, etc.:

Tube Freight Transportation Systems

Tube transportation systems have a number of attractive features that make them worthy of evaluation as alternatives for future freight transportation systems. Because such systems are unmanned and fully automatic, they are safer than truck or railroad systems. When traveling down grades, the capsules may be able to regenerate energy for improved energy efficiency. Because they are enclosed, they are unaffected by weather and are not subject to most common rail and highway accidents. Hazardous cargo can be more safely transported than on surface systems. The tubes could also be used as conduits for communication cables for the future information highway. Benefits from reducing the number of trucks carrying freight in congested areas by tube freight transportation systems are:

- Reduced traffic congestion.
- Reduced traffic accidents, injuries, and fatalities
- A significant reduction in damage to roadways and bridges.
- A significant reduction in petroleum fuel consumption.
- Increased control over delivery schedules.
- Lower freight transportation costs.

The tubes can be placed above, on, or below ground. Underground locations are useful in environmentally sensitive areas and are important where surface congestion makes surface right-of-way difficult or expensive to obtain. Much right-of-way potentially exists below our present highway system. However, there are potential environmental impacts of construction, especially if cut and cover construction is used.

Current Tube Freight Transportation Proposals

The SUBTRANS concept is to provide long-haul freight transportation in capsules running in a tube about two m (6ft) in diameter. The capsules would be propelled by linear induction motors. Non-pneumatic propulsion of the system is the subject of a U.S. patent granted to William Vandersteel of North Bergen, N.J., in 1984 (patent number 4458602). The system would be totally automated and is intended to operate at a constant speed of about 100 kilometers per hour (60 miles/h). Capsules are expected to be switched from the main routes to terminals or other routes at speeds using electromagnetic switching techniques. The capsules are unconnected; pneumatic pressure provides buffering between capsules because of the small clearance between the capsule and the tube.

The SUBTRANS capsules are designed to accept pallets to facilitate rapid loading and offloading. Automated warehousing is an option in this concept with the capsules being used for temporary warehouse storage. The developer claims a maximum throughput of 1875 capsules per hour, which is roughly 16,500 metric tons/h (18,200 short tons/h) (1) at average cargo densities.

At this time, SUBTRANS is an undeveloped concept... A U.S. Department of Transportation study completed in February 1991 concluded that the technology is feasible and merits further study, but knowing "tube Freight" would displace most long-haul trailer trucks, it stepped a major roadblock. The American Trucking Association, one of the most powerful political lobbies in Washington, D.C., opposes any new mode of transporting freight that reduces the need for truck drivers. Members of Congress, therefore, turn a deaf ear to requests for funds to do more studies of tube freight lest they incur the ATA'S wrath.